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Council File: 11-0582-S7
Council District(s): All
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Jobs and Business Development Committee
Los Angeles City Council
c/o City Clerk
Room 395, City Hall
Attention: Eric Villanueva

REPORT BACK: COMMUNITY DEVELOPMENT DEPARTMENT (CDD) REPORT BACK ON THE PROGRAM YEAR 2013-14 WORKFORCE INVESTMENT ACT (WIA) WORKSOURCE CENTER OPERATORS REQUEST FOR PROPOSALS (RFP)

RECOMMENDATION

The General Manager of the Community Development Department (CDD) respectfully requests that the Mayor and City Council NOTE and FILE this report, inasmuch as this report has been submitted for information only and no Council action is necessary.

BACKGROUND

On October 10, 2012, Los Angeles City Councilmember Jan Perry introduced a motion (CF-11-0582-S7), instructing CDD, in consultation with the Chief Legislative Analyst and the City Administrative Officer, to report in writing, prior to the release of the Request for Proposals for new operators of the WorkSource Centers on the following:

1. A strategic plan to address potential changes in the U.S. Congress and potential restructuring of WIA funding distribution system which could further reduce WIA funds for City residents;
2. Scope of the proposed RFP;
3. Contractor selection process;
4. Partner selection process;

5. Rates of unemployment by Council District and corresponding percentage of WIA funds;
6. Specific strategies to provide job training and long-term job placement for City residents in the areas with the greatest unemployment rates;
7. Status of federal legislation impacting WIA funds;
8. Reporting and evaluation methods relative to training and long-term job placement; and
9. Recommendations to improve accountability and transparency in identifying areas of the City with the greatest need for employment services, contractor procurement process, and evaluation and reporting methods.

The motion acknowledges that CDD, on behalf of the Workforce Investment Board (WIB), City Council and Mayor, operates one of the largest public Workforce Development Systems in the country. The City's current adult workforce system is comprised of 17 WorkSource Centers and several satellite facilities, and partners with the California Employment Development Department, Los Angeles Community College District, Los Angeles Unified School District, labor organizations, and employers, among other entities, to deliver services to Los Angeles job seekers and employers.

The Workforce Investment Board, Year 13 Annual Plan, which was approved by the City Council on June 15, 2012, provides CDD and the WIB with the authority to issue a Request for Proposals during PY 12-13 for competitive procurement of organizations to operate WorkSourceCenters beginning in PY 13-14. With ongoing concerns regarding the possible diminishment of funding for WIA programs, and a shifting focus on job training versus direct job placement, the program design for the new Workforce system must be ready to adapt to these and other changes. The WIB's WorkSource/One-Stop Career Centers Request for Proposals (RFP) Task Force convened a series of meetings for nearly a year to consider a number of issues critical to the redesign of the Workforce System, culminating in the town hall meeting of September 29, 2012.

Approximately \$18 million in WIA Adult and Dislocated funds may be made available through the RFP process. The City will not be notified of its final allocation until the spring of 2013. Final funding recommendations will be incorporated into the Year 14 Annual Plan.

DISCUSSION

Strategic Plan to Address Potential Changes in the U.S. Congress and Potential Restructuring of WIA Funding Distribution System Which Could Further Reduce WIA Funds for City Residents

Given that the President has been re-elected and that there is no significant change in Congress, CDD anticipates retaining level WIA funding for Program Year 2012-13. However, there is still the pending issue of sequestration and if there is no agreement between the President and Congress, there could be a significant cut to available WIA funding. In any event, CDD plans to proceed with the WorkSource Center Operator RFP process and make funding recommendations based on the areas with high unemployment rates within the City's seven planning areas. However, based on the City's ultimate WIA allocation, fewer WSCs could be funded or the selected WSCs could receive reduced funding. Should WIA funding be reduced, the priority to leverage other resources to further support the WSC system becomes ever more important.

Scope of the Proposed RFP

The vision of the WorkSource Centers (WSCs) is to have a nationally recognized system that leverages WIA funds with other public and private resources to increase the education, training and employability of City residents.

The initial contract term shall be from July 1, 2013 to June 30, 2014 with the option to renew for four additional program years subject to performance and the availability of funds.

At a minimum, the System aims to enroll all eligible customers through the implementation of the Integrated Service Delivery model, on a modified basis, as well as address the diversity of customer needs, including veterans and vulnerable populations. Consequently, the City will not be setting Universal Access goals for WorkSource Centers, but will collect customer data.

Consistent with the direction provided through State legislation as well as WIB adopted policy, 30 percent of all WIA funds awarded to a WSC operator shall be allocated for training. The preferred training activities shall be on-the-job training (OJT), sector based classroom training and customized training. Training activities that are provided in combination with Work Experience and/or community college course offerings are ideal. Stand-alone classroom trainings are not a preferred option. Furthermore, the City considers the community college system as the preferred training provider and WorkSource Centers should arrange for such services to be provided at no cost to the WIA grant.

All activities should contribute to the City's success in meeting its federal performance measures. To address this issue, the Average Wage at Placement will no longer be a contract performance goal, but customer data will be collected. However, with the emphasis on training, the City expects those that participate in such activities to secure employment with wages that significantly exceeds the living wage and promotes self-sufficiency.

Contractor Selection Process

All CDD-administered program services are procured in accordance with established federal, state and local guidelines and all procurement is conducted in an ethical, legal, consistent and timely manner. For procurements of a minimum of \$250,000, CDD conducts a competitive bid managed through a request for proposals process with the objective to offer a fixed-price or cost-reimbursement type of contract. This procurement method is the most commonly used by CDD.

In addition to standard corporate status requirements such as being in good standing with the California Secretary of State's Office, all proposers must have demonstrated experience within the **past three years** of having provided services similar to those solicited. Consideration will be given to proposers with documented experience in:

- Providing services to adults and dislocated workers;
- Managing WIA and other federal funds of comparable value; and,
- Partnering with a FamilySource and BusinessSource Center, as well as other similar providers of services.

Favorable consideration will be given to those providing services to the target area(s).

All proposals shall be evaluated on the following categories:

- Demonstrated Ability
- Program Design
- Cost Reasonableness
- Site Visit (to determine facility readiness)

The City estimates that it may cost \$1.7 million to operate a WorkSource Center and to provide the services solicited through this RFP. However, WIA funding requests shall be limited to \$1.1 million per proposal. In order to be awarded the maximum amount of points possible, proposers must prepare a budget that totals \$1.7 million and includes \$600,000 in concrete leveraged resources.

In consideration of diminishing resources and to ensure that the maximum amount of funds are made available for the provision of services to customers, proposals that identify the primary service facility as owned by the proposer or City shall be favorably evaluated. The City reserves the right to require any funded contractor to co-locate with other City funded agencies or to occupy a facility as identified by the City.

Proposers may submit a maximum of two proposals in response to this RFP. The number of successful proposers to be funded shall be based on the total funds made available to the City.

Partner Selection Process

In addition to the WIA mandatory partners, all proposers shall include a City FamilySource and City BusinessSource Center as a partner agency. Proposals that propose the co-location of the WorkSource Center with a no cost or low cost public or private entity shall be favorably evaluated.

Furthermore, it should be noted that a master partnership agreement between the City, the WIB and WIA mandatory partners is being finalized that specifies the partner roles, responsibilities and financial contributions to the City's workforce development system. The WIA partners include Los Angeles Unified School District, Los Angeles Community College District, California Employment Development Department, California Department of Rehabilitation, Los Angeles County Department of Public Social Services, and City of Los Angeles Department of Aging. This agreement will provide for consistent service delivery and a systematic approach to the public entity relationships.

Rates of Unemployment by Council District and Corresponding WIA Funding

See Attachment A.

Specific Strategies to Provide Job Training and Long-Term Job Placement for City Residents in the Areas with the Greatest Unemployment Rates

WSCs have historically targeted services by the adult and dislocated worker funding streams. However, the redesign categorizes the targeted customers as Basic Skills

Deficient and those that are Basic Skills Proficient, the definitions of which will be articulated in the RFP. The redesign also seeks to increase the enrollment of ex-offenders, individuals with disabilities, the homeless, non-custodial parents and veterans. In accordance with the WIB's new WorkSource requirement, individuals with disabilities shall comprise 10 percent of the total number of enrolled participants. Each proposer shall develop focused intervention strategies for each of these customers that will vary based on their individual needs. All successful proposers will also be required to provide follow-up services to assist individuals in retaining employment, within six months after employment. Per the federal measures requirement, operator performance will be tracked based on the long-term status of job placements.

WSCs have and will continue to be strategically located in areas of the City with the greatest need and highest unemployment rates within the City's seven planning areas. However, to ensure that workforce services are in alignment with the City's Community Development Block Grant (CDBG) planning efforts, consideration will be given to the placement of centers in close proximity to transit developments where non-WIA investments can be utilized to expand the services provided to customers beyond those offered through the WSCs.

Status of Federal Legislation Impacting WIA Funds

The Workforce Investment Act was passed by Congress in 1998, which replaced the Job Training Partnership Act (JTPA) as the largest single source of federal funding for workforce development services. WIA established a universal access system of "One-Stop Centers" to provide access to training and employment services for both employers and a range of job seekers, including low-income adults, low-income youth, and dislocated workers. Reauthorization of WIA has been pending since 2003.

According to the National Skills Coalition, Democrats and Republicans on the House Committee on Education and the Workforce introduced separate legislative proposals to reform and reauthorize the Workforce Investment Act – HR 4227 and HR 4297 respectively. The Committee was scheduled to mark-up HR 4297 earlier this year, with the House expected to subsequently vote on the bill, however this has not occurred. It is unlikely that the Senate will take up any House-passed bill, and Congress will probably need to take up WIA reauthorization again in the next Congress. However, the House bill remains important as it will almost certainly serve as the starting point for any future congressional WIA reauthorization conversations.

HR 4297, the "Workforce Investment Improvement Act" consolidates 27 existing federal job training programs into a single "Workforce Investment Fund" that would be allocated by formula to states and local areas. A summary of the bill released by the House Education and the Workforce Committee indicates that funding for the proposed Workforce Investment Fund reflects FY 2012 funding levels associated with all consolidated programs.

Reporting and Evaluation Methods Relative to Training and Long-Term Job Placement

Certification of WorkSource Center contractors by the WIB requires that they be successful in meeting annual contract performance goals. This annual performance evaluation measures contractors' performance in the categories of:

- Customer Satisfaction
- Performance Outcomes
- Customer Flow
- Addministrative Capability

The evaluation process, often referred to by its acronym *SOFA*, was approved by the Workforce Investment Board (WIB), City Council and Mayor through the Annual Plan process. It includes an evaluation of contractor performance against the Department of Labor (DOL) federal measures and other local measures. Contractors are awarded up to four “stars” for meeting contractual goals and for exceptional performance in the above categories.

The evaluation is the mechanism through which contractors remain eligible for continued funding. It is also the mechanism through which the City ensures the provision of high quality services that are equally accessible to all customers. This certification process is based in part on Malcolm Baldrige National Quality Award criteria.

Recommendations to Improve Accountability and Transparency in Identifying Areas of the City with the Greatest Need for Employment Services, Contractor Procurement Process, and Evaluation and Reporting Methods

- *Recommendations to Improve Accountability and Transparency*

Over the past three years CDD has embarked on a series of needs-based and data-driven re-designs of its major service delivery systems and subsequent procurements, beginning with the launch of the FamilySource System (FSS). The FSS process was undertaken in response to the need for more strategic service delivery and monitoring of City programs and services and to address the rising unemployment and poverty rates.

Similarly, last year the Youth WorkSource system was re-designed and procured to address the growing high school dropout crisis and to implement student recovery efforts. The system now places a priority on the provision of services for out-of-school youth who are most in need of services. Currently with the CDBG planning process, CDD has begun to map its programs and services in order to better identify any gaps in services, as well as resource leveraging opportunities, resulting in a more effective method to plan for future service programs. Likewise, the WSC system will focus on serving those communities in the City with the highest unemployment rates within the seven planning areas.

CDD believes that the continuing implementation of needs-based and data-driven program planning and procurement processes has led to improved accountability and transparency in the delivery of its services.

- *Contractor Procurement Process*

The Year 13 Annual Plan includes a new WIB policy – “Guidelines for the Procurement of Services for CDD,” which outlines the necessary procedures to ensure that all CDD administered program services are procured in accordance with established federal, state, and local guidelines, and that all procurement is conducted in an ethical, legal, consistent and timely manner. These procedures shall serve as guidelines both for CDD and for CDD-funded contractors.

- *Evaluation and Reporting Methods*

See discussion above under "Reporting and Evaluation Methods Relative to Training and Long-Term Job Placement" section. A complete copy of the existing "Certification Policy and Procedures," which includes the certification guidelines and performance evaluation guidelines, is available at http://cdd.lacity.org/home_report_wiaAPy13.html. Note that the policy will be modified for the program year commencing July 1, 2013 to further improve the tracking of contractor performance.

NEXT STEPS

CDD will issue an RFP to solicit proposals from organizations interested in managing a WorkSource Center for the City and in meeting the expectations and challenges articulated in the RFP. The attached draft calendar (Attachment B) identifies the proposed dates for release of the RFP, the review of proposals and the presentation of recommendations to the WIB and City Council.



RICHARD L. BENBOW
General Manager

RLB:MC:ED

Attachment A: Rates of Unemployment by Council District and Corresponding WIA Funding

Attachment B: WorkSource Center Operators RFP Proposed Calendar

Rates of Unemployment by Council District and
Corresponding WIA Funding

City of Los Angeles Unemployment – September 2012			
Citywide Unemployment Rate – 11.2%			
Council District	Unemployment Rate	WorkSource Center	PY 12-13 WIA Funding
1	13.0%	Chinatown, Westlake, Northeast LA, Metro North LA	\$3,766,597
2	11.2%		
3	7.8%	Canoga Park-West Hills	\$1,236,404
4	9.0%		
5	7.0%		
6	11.2%	Sun Valley, Van Nuys-North Sherman Oaks	\$2,270,953
7	8.7%		
8	16.7%	South Los Angeles	\$1,166,380
9	18.0%	Southeast Los Angeles/Crenshaw	\$1,156,907
10	13.9%	Wilshire-Metro, West Adams/Baldwin Hills	\$2,360,115
11	6.6%	Marina del Rey/Mar Vista	\$933,171
12	9.2%	Chatsworth/Northridge	\$1,369,745
13	13.5%	Hollywood	\$1,213,104
14	15.0%	Downtown	\$815,225
15	13.4%	Harbor, Southeast LA/Watts, HACLA Portal	\$2,300,474

WORKSOURCE CENTER OPERATORS REQUEST FOR PROPOSALS
FOR SERVICES BEGINNING JULY 1, 2013
PROPOSED CALENDAR

	ACTIVITY	ESTIMATED DATE OF COMPLETION
1.	Release of WorkSource Center Operators RFP	November 19, 2012
2.	Due Date for Receipt of Proposals	January 14, 2013
3.	Review of Proposals	February 15, 2013
4.	Release of Proposed Funding Recommendations	February 28, 2013
5.	Appeals Hearing	March 15, 2013
6.	Presentation of Recommendations to WIB Policy & Oversight Committees and WIB	April 5, 2013
7.	Transmit WIB Approved Recommendations to City Council and Mayor	April 19, 2013
8.	Incorporation of Approved Funding Recommendations into PY 13-14 WIB Annual Plan	May 1, 2013
9.	City Council and Mayor Approval of Recommendations	June 1, 2013
10.	Contract Start Date	July 1, 2013